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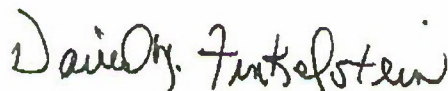
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Commentary on China's External Grand Strategy

David M. Finkelstein¹

The role we play in international affairs is determined by the extent of our economic growth. If our country becomes more developed and prosperous, we will be in a position to play a great role in international affairs.

— Deng Xiaoping, January 16, 1980²

Introduction

Many thanks to Brookings and National Chengchi University for the opportunity to participate in this conference.

There are two fundamental assumptions built into this panel. The first is that China does in fact have a grand strategy for its “foreign work” (外事工作), its “foreign relations” (外事关系), and its “external policies” (对外政策).³ The second assumption is that this grand strategy can be described in ten pages and ten minutes. Let's accept both assumptions for the moment.

This essay provides a broad-brush commentary on some of the salient elements of China's external strategy, speculates about some of the challenges Beijing faces in executing its external strategy, and tables some implications. Before doing so, however, it offers five *sui generis* characteristics of strategies, because they inform the framework used to think about China's external strategy.

- First, strategies are usually developed to achieve defined objectives or “ends” in the context of specific circumstances.
- Second, strategies require the development of concepts, approaches, and concrete policies to achieve those objectives. These concepts are known as the “ways” in the strategic “ends-ways-means” equation.

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² See “The Present Situation and the Tasks Before Us,” in *Selected Works of Deng Xiaoping*, Volume III (1982-1992) (Beijing: Foreign Language Press), 159.

³ For the various Chinese terms associated with PRC foreign work, foreign relations, and foreign policies, see Anne-Marie Brady, *Making the Foreign Serve China: Managing Foreigners in the People's Republic* (New York: Rowan & Littlefield Publishers, Inc., 2003).

- Third, strategies demand the development of capacity (“means”) in order to actually execute and operationalize concepts or policies.
- Fourth, the very notion of a strategy assumes the ability to coordinate the ways and means to achieve the ends. Without coordination, you really do not have a unified strategy and you run the risk of having various policies that work at cross purposes. (Strategies also serve to deconflict.)
- Finally, strategies must adjust as circumstances change, as concepts prove ineffective, or when capacity is wanting.

Objectives and Context

Moving back to China, then, what is it that Beijing’s external strategy is supposed to achieve and what is the current context?

As for objectives, there are clearly some basic, enduring, and fundamental requirements that China’s external strategy must satisfy at any given moment in time. These include providing for the national defense and a host of issues related to state sovereignty. There is nothing exceptional about this.

In the realm of “grand strategy,” China’s external strategy must help achieve the party-state’s most vital long-term national objectives. On this account, significant PRC documents and leadership statements are consistent in articulating those objectives. They can be synthesized into one: the attainment of a strong, modern, and prosperous China. Common official expressions of this objective include such phrases as “building a well-off society in an all around way” and seeking “a moderately developed country by 2050.”⁴

These long-term objectives have been more or less consistent for over 30 years, since the watershed Third Plenum of the 11th Central Committee in December 1978, which also endorsed “reform and opening up” and “economics as the central task” as key concepts. Consequently, as in the past couple of decades, Beijing’s foreign strategy today must be crafted to create an external environment conducive to those objectives. To put it in today’s parlance, Beijing’s external strategy must create an international environment that will support the continued rise and development of China.

What has changed dramatically in the past few years is the larger context in which Beijing’s external strategy is operating — the result of geo-political changes, an ongoing era of hyper-globalization, and, especially, the

⁴ See “Full Text of Constitution of CPC Adopted at 17th National Congress,” *Xinhua*, October 21, 2007; “Hu Jintao Addresses 22nd Politburo Study Session, Stresses Upholding Basic Policy of Opening to the Outside World, Comprehensively Increasing the Level of Openness,” *Xinhua*, June 1, 2005. See also Jiang Zemin’s work report at the 16th Party Congress.

internationalization of China's economy. Because China now has global economic interests, it also has expanding global political interests as well as expanding global security interests. China's ability to achieve its most important national objectives is now ineluctably intertwined with the larger international system. The good news for Beijing is that China's emergence as an international actor of consequence, mostly due to its economic traction, avails it of new options and provides new capacity for pursuing its external agenda. The sometimes uncomfortable news for Beijing is that it is now subject to pressures from the outside to participate in the international order in unprecedented ways.⁵

This new context places China's current leaders in *terra incognita*. There simply is no precedent in the history of the PRC for a China so enmeshed in the international system. Neither is there any precedent for China's emerging status as a global actor of consequence. The admixture of trepidation and triumphalism attendant on this new context is captured in the phrase included in both the work report from the 17th Party Congress (2007) and the 2008 PRC defense white paper: "China cannot develop in isolation from the rest of the world, nor can the world enjoy prosperity or stability without China."⁶ It is within this new context that Beijing is employing the various elements of national power (diplomatic, informational, military, and economic) in seeking to achieve its objectives. In some cases there has been continuity from past years. In others, there has been noticeable change. This paper will highlight areas of change.

Diplomatic Initiatives — Relatively Proactive and Increasingly Flexible

Relative to previous periods, Chinese diplomatic activities in recent years seem to be increasingly proactive and flexible. They are proactive in the sense that China is no longer willing to merely react to changes in the external environment; rather, when possible, it attempts to shape the external environment—especially the regional environment. One could cite as examples the leading role Beijing has taken in regional arrangements, such as the establishment of the Bo'ao Forum in 2001 and the transformation of the "Shanghai Five" into the Shanghai Cooperation Organization (SCO) that same year. China's role in brokering the inception of the Six Party Talks in 2003 (and subsequently hosting the talks) is another prime example. Although the Six Party Talks have not yet accomplished the intended objective of walking back the DPRK nuclear program, China's unprecedented role remains. Overall, Beijing now seeks a seat at the international and regional tables of note where the rules of the road are being developed, in order to shape outcomes favorable to its interests. It is also

⁵ For example, see former Deputy Secretary of State Robert Zoellick's "responsible stakeholder" speech to the National Committee on U.S.-China Relations, September 21, 2005, <http://www.ncuscr.org/files/2005Gala_RobertZoellick_Whither_China1.pdf>

⁶ See "Report to the Seventeenth National Congress of the Communist Party of China on October 15, 2007" in *Documents of the 17th National Congress of the Communist Party of China* (Beijing: Foreign Language Press, 2007), 62, and the preamble to *China's National Defense in 2008* (Beijing: State Council Information Office, January 2009).

noteworthy that China is prepared to unilaterally re-interpret or selectively dismiss) the international rules of the road for the same reasons. A prime example is the United Nations Convention on the Law of the Sea (UNCLOS) and issues attendant to freedom of navigation in China's Exclusive Economic Zone.

Chinese diplomacy is also exhibiting a certain degree of flexibility relative to the past in that Beijing has been willing to forgo some of its own time-honored maxims when it has viewed doing so as being in its interests. In addition to a willingness to now sometimes "take the lead," another example of pragmatism is China's relatively recent embrace of multilateral diplomacy and activities — a 180-degree turnabout from just a few years ago. One Chinese analyst asserts that "multilateral organizations" is now the "fourth pillar" of Chinese diplomacy, adding it to the traditional three-pillar framework of (1) "great power relations," (2) "relations with neighboring countries," and (3) "developing countries." The same analyst offers that in this current period Beijing has been rebalancing the attention it pays to each of the pillars.⁷ Given China's economic equities in the developing world for energy, minerals, and other critical resources, there is no question why China continues to stay actively engaged with and court the nations of Africa, Latin America, and the Middle East. The 2006 China-Africa Summit in Beijing is a good representative example of the PRC working hard to cement relations in these areas of the world. While "big power relations" may hold the key to many of China's most pressing international challenges and concerns, the developing world is no less important, because China has growing economic interests at stake there.

Foreign Economic Approaches — "Go Out" in Addition to "Bring In"

As for foreign economic relations, the previous strategy of "bringing in" and "acquiring things from abroad" is still in effect. China must still attract foreign direct investment and technology, as well as scientific and managerial expertise. This was the impetus behind the creation in 1979 of the four Special Economic Zones and the opening of the 14 coastal cities in 1982.⁸ This is why every Chinese leader and leadership group since Deng Xiaoping has revalidated the policy of "opening up."

Today, however, China has also adopted the strategy of "going out," and this is a new development. Since 2001 the party-state has encouraged Chinese state-

⁷ Yuan Peng, "A Harmonious World and China's New Diplomacy" in *China International Relations* 17, no. 3 (May/June 2007), 1-26. Yuan is currently the Director of the Institute of American Studies, China Institutes of Contemporary International Relations (CICIR, 中国现代国际研究院).

⁸ The four original SEZs were Shenzhen, Zhuhai, Shantou, and Xiamen, and cities opened in 1982 were Dalian, Qinhuangdao, Tianjin, Nantong, Shanghai, Yantai, Qingdao, Lianyungang, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang, and Beihai. See Dorothy J. Solinger, "Economic Reform," in *China Briefing, 1984* (Boulder, CO: Westview Press & China Council of the Asia Society, 1985), 81-101.

owned enterprises (SOEs) to go overseas, invest, build international brands, make acquisitions, secure raw materials and generally participate in the "global economic competition" for markets and resources.⁹ In his seminal speech in 2004 to the Central Committee outlining his views on the "scientific concept of development," Hu Jintao declared that it was time to "...accelerate 'going out', to encourage enterprises with the necessary conditions to invest in building of businesses abroad, and to more actively participate in international economic and technological competition and cooperation, further expanding development space and strengthening capacity for sustained development."¹⁰ Today, as a result of these policy decisions, Chinese nationals travel, live, or work abroad, and Chinese firms operate overseas, in hitherto unimaginable numbers. This has also caused some unexpected "contradictions" for Chinese external work, as will be mentioned later. Finally, as a representative example of this outward-bound feature of China's foreign economic activities, one must also cite the creation in 2007 of Beijing's sovereign wealth fund, the China Investment Corporation (CIC).

China Has "Gone Out"

These figures come from a variety of Chinese sources and cannot be independently verified. They do provide some sense of scale for the outward movement of Chinese and Chinese interests.

- In 2007, *China Daily* reported that 7,000 Chinese companies were investing or operating abroad.
- In 2006, Beijing reported that 670,000 Chinese citizens were studying or working overseas.
- In 2007, anywhere from 74,000 to 100,000 PRC workers were living in Africa.
- According to the *China Daily*, in the 30 years between 1949 and 1979 only 280,000 Chinese citizens traveled abroad. In the single year of 2006 that number was 32 million.
- Between 2004 and 2007, twenty-seven PRC citizens were murdered overseas, 45 were kidnapped, and 911 had to be evacuated from war zones or other dangerous locales by commercial means or by third countries.

Sources: "China Says Firms to Stay in Africa," 27 April 2007, <<http://www.chinadaily.com.cn>>; "Government to Protect Workers Abroad," *People's Daily Online*, May 16, 2007, <http://english.peopledaily.com.cn/200705/16/print20070516_365043.html> citing Ministry of Commerce; "China-Africa Trade Surges in First Quarter," *People's Daily Online*, May 14, 2005; and various other Chinese newspapers and MFA briefings.

⁹ Jonathan Holslag, *Unleash the Dragon: A New Phase in China's Economic Transition*, Vrije Universiteit Brussel (VUB), Asia Paper of the Brussels Institute of Contemporary China Studies, October 2006, <<http://www.vub.ac.be/biccs>>, 9.

¹⁰ May 2005 speech by Hu Jintao, "Let the Scientific Concept of Development Run Through the Entire Process of Development," as carried in *Qiushi*, January 1, 2005.

The Military Dimensions — An Incipient Expeditionary PLA

Military diplomacy by the PLA is as old as the PRC itself, and it continues unabated with incessant incoming and outgoing high-level delegations and functional exchanges. What is new is that the PLA is finally beginning to come on line as an *operational* asset available to support some of Beijing's larger national objectives and diplomatic and economic initiatives.

Today, an incipient expeditionary PLA (远征军) is taking shape. More than at any time in its history, the PLA is going places and doing things. This is manifest in its participation in three types of activities: (1) UN operations, (2) combined exercises with foreign militaries, and (3) Military Operations Other Than War (MOOTW).

The PLA has been participating in UN-mandated operations (observer missions or actual PKOs) since the early 1990s. In the past eight years, however, PLA participation has increased: it has taken on an additional 13 UN missions on top of the ten in which it has been involved since the early 1990s, and it has committed an additional 5,000-odd personnel. This includes a commitment to the African Union-UN Hybrid Force in Darfur.¹¹

A new development in the past few years is PLA participation in combined exercises with foreign militaries. In October 2002 the PLA conducted with Kyrgyzstan its first-ever combined exercise with a neighbor in which Chinese troops crossed over the Chinese border. From that time until the end of 2008, the PLA claims to have conducted 23 combined exercises of various types with over a dozen foreign militaries.¹² Some of these operations have been small *pro forma* affairs, while others have been large and operationally significant. Regardless, these events get the PLA deployed and engaged and involved with foreign counterparts in an operational context, and this is a new development.

By far, however, the greatest change in the military dimensions of China's external policy is Hu Jintao's promulgation in December 2004 of the "Historic Missions for Our Military in the New Phase of the New Century." For the first time since its founding, the PLA has been told it must be prepared to engage in externally focused missions. In addition to the PLA's traditional missions (defense of the CCP, defense of PRC sovereignty and internal security) the "New Historic Missions" policy gives the PLA the mandate to develop the capacity to "provide a strong strategic support for safeguarding China's national interests," and to "play a major role in maintaining world peace and promoting common development."¹³ As one PRC military strategist has put it, "the PLA is shifting

¹¹ See the appendices of the 2002, 2004, 2006, and 2008 editions of *China's National Defense*.

¹² See the various editions of *China's National Defense*.

¹³ See *China's National Defense in 2006*.

from its previous near sole focus on defense of Chinese territory to the protection of Chinese interests.” The former is bound by the geography of China, the latter is not. The ongoing and unprecedented PLA Navy deployments off the Horn of Africa for anti-piracy operations are a manifestation of this change.

The Informational Element — Perception Management

In the past few years, Beijing’s leaders have evinced great sensitivity to how foreign governments and other external audiences perceive China’s growing national strength and its increasingly proactive role in the world. Consequently, the party-state has enlisted the informational element of national power in seeking to shape the perceptual environment in which external audiences view the emergence of China as an international actor of consequence.

A principal mission of PRC external propaganda, therefore, is to allay fears and concerns that China’s rise will pose a threat or that China’s rise *de facto* makes it a revisionist power; and special attention along these lines is given to the Asia-Pacific region. This need to shape the external perceptual environment was underscored during the Tenth Conference of Diplomatic Envoys in Beijing in 2004, when Hu Jintao was reported to have stated that one of the many basic objectives of China’s diplomatic work must be the fostering of “an objective and friendly media environment....”¹⁴

The adoption of the term “publicity work” as the official English translation of the Chinese word for propaganda, *xuanchuan*; 宣传, speaks volumes about Chinese sensitivities. So too does the fascinating story of the replacement of the phrase “China’s peaceful rise” with the term “China’s peaceful development” underscore Beijing’s concerns that its modernization might viewed as a threat and expose its fears that such perceptions have the potential to derail or complicate Chinese objectives.¹⁵ The list goes on and on, to include:

- The establishment of Confucius Institutes around the world (around 300, with about 50 in the United States)
- The new and welcomed habit of publishing “white papers” on topics about which the party-state feels a need to sensitize foreigners (as well as domestic audiences, one might add)
- The proliferation of PRC government websites

¹⁴ Mo Lan, “Hu Jintao: It is Necessary to Step Up the Protection of China’s Overseas Interests,” *Ta Kung Pao* (August 31, 2004).

¹⁵ For a terrific analysis of this fascinating issue, see Bonnie S. Glaser and Evan S. Medeiros, “The Changing Ecology of Foreign Policy-Making in China: The Ascension and Demise of the Theory of ‘Peaceful Rise,’” *China Quarterly* 190 (June 2007), 291-310.

- The availability of English-language editions of newspapers targeted at foreigners (such as *Global Times* and *Liberation Army Daily*)
- The increasing use of government spokespersons (the Ministry of National Defense inaugurated its first spokesman system in May 2008).

Three Stressors — Capacity, Coordination, and Peripheral Actors

If, in fact, China does have a “grand external strategy” (an assumption as yet unverified), then capacity, coordination, and the addition of new Chinese actors are likely the greatest internal systemic challenges to carrying out that strategy.

One common thread that runs through Chinese discussions of its external policy management challenges is the belief that the PRC’s expanding set of global interests have outpaced the capacity of some institutions to keep up. Even the PLA feels the pressure. As one Chinese admiral has written,

Compared with the extension of China’s national interests, the means to protect them are too weak. The present level of military force can hardly meet demand. China’s military forces lag far behind ...in its ability to tackle traditional security threats, fight terrorism, deliver humanitarian aid in case of natural disaster, undertake U.N. peace-keeping operations, and help overseas Chinese evacuate in an international crisis.¹⁶

The Ministry of Foreign Affairs (MFA) has not been exempt from the “demand-capacity contradiction” and in some ways it is bearing the brunt of it. Today’s Chinese diplomats abroad increasingly have to engage in official duties which in the past were the exception, not the norm. These include:

- Providing consular services to thousands of PRC nationals traveling through their jurisdictions
- Dealing with legal incidents between the host nation and Chinese citizens (persons or business entities)
- In some parts of the world, handling the affairs of thousands of Chinese workers sent abroad to work on infrastructure projects.

In some instances, Chinese embassies have had to provide safe havens to PRC nationals in danger, orchestrate non-combatant evacuations, and secure host country protection for Chinese property and investments.

¹⁶ Rear Admiral Yang Yi, Director, Institute for Strategic Studies, PLA National Defense University, “Peaceful Development Strategy and Strategic Opportunity,” in *Contemporary International Relations* 16 (September 2006).

One outcome of having so many PRC nationals in some of the world's worst neighborhoods is that sometime in the past couple of years the MFA felt a need to establish its first 24-hour crisis management center. The larger issue, however, is that — unlike in the past, when Chinese diplomats abroad spent most of their time reporting on host-country issues — consular services are now a big part of what PRC diplomats must cope with. That too is an institutional stressor in terms of capacity that must be developed.

A second stressor is the apparent difficulty that “the system” encounters in coordinating external work among the various institutional actors. The Chinese system is notoriously self-described by some within it as being stove-piped, turf-conscious, and horizontally uncommunicative. CNOOC's attempt to acquire UNOCOL in 2005, the January 2007 ASAT test, and recent incidents at sea in China's EEZ raise the distinct possibility that inter-ministerial coordination is not what it should be.

A third stressor is the introduction of new Chinese actors involved in foreign activities who reside on the periphery of the center's foreign work establishment (*xitong*, 系统). Being on the periphery, their activities can fall through the cracks of the system. Examples of such actors are local governments and especially state-owned enterprises. In the past few years there have been enough instances of poor corporate governance and local practices by Chinese SOEs operating overseas, especially in Africa, to cause concerns in Beijing that some of its larger foreign policy objectives were being undermined. For example, in the wake of the killings of PRC nationals working in Ethiopia in 2007 former Minister of Commerce Bo Xilai first told Chinese corporations to pay more attention to security, and then immediately went on to say, “Companies operating abroad must respect local laws and regulations and fulfill necessary social responsibilities,” and “The government will instruct firms working on overseas projects to be aware of their social responsibilities, respect the public welfare, fit in with the local culture, and protect the local environment.”¹⁷

PRC officials realize that Beijing's expanding global interests are stressing the system, which is one reason that an unprecedented Foreign Affairs Work Conference was held in August 2006. Among other issues, the conference discussed the need for all of the actors (including the SOEs) involved in external work to better coordinate, to ensure that external work conducted by the provincial and municipal officials is factored into the larger equation, and to reinforce the dynamic between external work and domestic objectives.¹⁸ So there is cognizance of systemic friction at the highest levels in Beijing.

¹⁷ “Government to Protect Workers Abroad,” *People's Daily Online*, May 16, 2007, http://english.peopledaily.com.cn/200705/16/print20070516_365043.html, citing the Ministry of Commerce.

¹⁸ For a superb recapitulation and analysis of this seminal conference, see Bonnie S. Glaser, “Ensuring the ‘Go Abroad’ Policy Serves China's Domestic Priorities,” in *China Brief*, Jamestown

Concluding Comments

First, in its grand sweep of approaches to external work since 1949, China seems to have gone through four phases as regards its relationship to the larger international system:¹⁹

- First, from the 1950s through the 1970s China's approach was to *confront* the international system.
- Second, in the 1980s China began to *engage* the international system to accrue modernization benefits.
- Third, from the 1990s through the end of the 20th century, part of China's external strategy was to begin to *participate* in the international system.
- And finally, it seems that since at least 2001 China's approach is to be a player that will *shape* the international system.

Second, if Beijing should need to adjust its external strategy, it is highly likely that the ongoing global financial crisis will provide the new context for doing so.

- Foreign economic work will take on even greater importance for China because the crisis has the potential to directly affect Beijing's core strategic objective — the building of a strong and prosperous China.
- At a minimum, we should expect the new proactive quality of Chinese diplomacy to manifest itself in global and regional fora as Beijing attempts to ensure that it has a hand in shaping the new international financial system that some believe will emerge from this worldwide event.

On the military and security front, we should not be surprised to see the PLA being employed more often in an expeditionary mode and continuing to develop the capabilities to do so.

Foundation, April 30, 2007. Yuan Peng also refers to this important meeting in his article "A Harmonious World and China's New Diplomacy." See also "Central Foreign Work Meeting Held in Beijing; Hu Jintao, Wen Jiabao Deliver Important Speeches; Wu Bangguo, Jia Qinglin, Zeng Qingong, Huang Ju, Wu Guanzheng, Li Changchun, Luo Gan Attend Meeting," *Xinhua* (August 23, 2006); and "Adhere to Peaceful Development Road, Push Forward Building of Harmonious World," *Renmin Ribao* (August 24, 2006).

¹⁹ This categorization is inspired by Yuan Peng of CICIR from his article, "A Harmonious World and China's New Diplomacy," although Yuan might not agree with how I have adapted his concept.

- On the one hand, as it develops more expeditionary capacity, the PLA may participate more fully in multilateral security operations in concert with other nations.
- On the other hand, the PLA will also be more able to deploy unilaterally in the pursuit of the PRC's national interests on, and perhaps beyond, China's periphery.

On the issues of capacity and coordination, it is uncertain whether "the system" can adjust quickly enough — or in the ways required — to keep up with new demands.

- For over ten years, rumors abounded that Beijing was considering an NSC-like system to replace or supplement its current approach of convening "Leading Small Groups" (领导小组). This did not come to pass, for reasons about which outsiders can only speculate.

Finally, assuming that China does have a centrally developed and executed external grand strategy (an assertion that still begs validation), our understanding of how it is conceptualized and coordinated is still imperfect.

- It is not all that clear that outside observers have the requisite levels of confidence in their understanding about the institutions or persons that are responsible for the conceptualization and development of China's external strategy (vice specific policies), the formal processes (if any) that are in place to develop it, and the structures that are there to coordinate it.

China's external "grand strategy" may very well turn out to be not all that grand. Furthermore, like those of many governments around the world, Beijing's aspirations of executing a grand external strategy may be dashed as the realities of the immediate overtake the aspirations for the long term, the urgent sweeps aside the important, and the tactical overpowers the strategic.